

## Message Text

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43

ACTION SEC-03

INFO OCT-01 EUR-25 ADP-00 EB-11 TRSE-00 CIAE-00 INR-10

NSAE-00 RSC-01 SSO-00 INRE-00 L-03 RSR-01 ARA-11 /066 W  
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O 181800 Z APR 73

FM AMEMBASSY LUXEMBOURG

TO SECSTATE WASHDC IMMEDIATE 3327

LIMITED OFFICIAL USE LUXEMBOURG 0296

FOR SEC - POLACK AND SPORKIN

E. O. 11652 N/ A

TAGS: ELIN: LU

SUBJ: IOS ET AL

REF: LUXEMBOURG 280, APRIL 17 TELECONS SPORKIN- LANDE,  
VAN STEIN- LANDE

1. EMBASSY MADE STRONG PRESENTATION TO GOL BANK COMMISSION  
IN EFFORT TO PERSUADE IT NOT TO SIGN " LUXEMBOURG  
AGREEMENT" TOMORROW APRIL 19. THE COMMISSION DISAGREED  
WITH POSITIONS LAID OUT IN REFERENCED TELECONS BELIEVEING  
LUXEMBOURG AGREEMENT WILL INCREASE NOT DECREASE CHANCES  
OF OBTAINING AN EQUITABLE DISPOSITION FOR IOS SHARE- HOLDERS.  
IF SEC WISHES TO SEND A REPRESENTATIVE ARRIVING LUXEMBOURG  
TOMORROW TO CONTINUE CONSULTATION, COMMISSION WILL BE  
WILLING TO CONSIDER HIS VIEWS WITH OPEN MIND. GOL  
HAS MADE NO COMMITMENT TO SIGN AGREEMENT.

2. DESIDERATA OF BANK COMMISSION' S POSITION ACCORDING  
TO JEAN SCHAUS, WHO IS RUNNING OFFICE IN ABSENCE OF  
VACATIONING BANK COMMISSIONER, ALBERT DONDELINGER, ARE  
AS FOLLOWS:

A) " LUXEMBOURG AGREEMENT" IS ONLY MEANT AS TEMPORARY  
SETTLEMENT WITH BCB AND GOL WILL CONTINUE TO PUSH  
FOR FINAL SETTLEMENT ALONG LINES MUTUALLY AGREED  
UPON WITH CANADIAN AND AMERICAN AUTHORITIES. ALSO  
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AUTHORITIES ARE FREE TO PURSUE ANY APPROPRIATE MEANS OF TYING UP MONIES.

B) SETTLEMENT PROVIDES FOR RETURN OF MONIES TO LUXEMBOURG WHICH IS APPROPRIATE AS INVESTMENT FUNDS ARE LOCATED THERE. GOL REALIZES MONIES PRESENTLY UNDER COOVERTAKEN BY EVENTS. US REP POINTED TO WRITTEN UNDERSTANDING GIVEN BY DUTCH CONCERNING POLITICAL AND SECURITY CONSIDERATIONS INVOLVED IN BERLIN AIR SERVICES AND SAID SIMILAR ARGUMENTS COULD BE MADE WITH OTHER COUNTRIES IN SUPPORT OF PHASED APPROACH TO EXPANSION OF BERLIN AIR SERVICES. UK REP SIAD MORE INFORMATION ON THIS POINT WOULD BE OF INTEREST.

3. CONCERNING TIMING OF FINAL DECISION ON PANAM APPLICATION, UK REP SAID HIS AUTHORITIES WOULD WANT BOTH POLITICAL AND CIVIL AVIATION CONSULTATIONS TO BE CONCLUDED BEFORE TAKING FINAL DECISION. IN THIS CONNECTION, HE NOTED THAT PANAM STILL OWED THE CIVIL AIR ATTACHES SOME DATA AND THAT IT WOULD BE DIFFICULT TO MEET THE US DEADLINE OF APRIL 30 IF INFORMATION WERE NOT PROVIDED SOON. ( THE ONLY DATA STILL OWED ARE ESTIMATES OF CURRENT AND ANTICIPATED PASSENGER TRAFFIC BETWEEN BERLIN AND AMSTERDAM. WE EXPECT REPLY FROM PANAM IN DAY OR SO, PROBABLY CONFIRMING WHAT PANAM TOLD US EARLIER; THAT CURRENT ESTIMATES ARE NOT AVAILABLE, OR VERY INCOMPLETE. ESTIMATES OF ANTICIPATED TRAFFIC CAN BE PROVIDED.)

4. EMBASSY COMMENT: AFTER APRIL 18 MEETING, ONE MEMBER OF UK DELEGATION TOLD US THAT EMBASSY' S RECOMMENDATIONS TO LONDON ON PANAM APPLICATION WERE BASCIALLY POSITIVE. FONOFF REP TOLD US YESTERDAY THAT FEDERAL GOVERNMENT WAS ALSO STRONGLY IN FAVOR OF PANAM APPLICATION. IT SEEMS, THEREFORE, THAT IF ALL BUREAUCRATIC HURDLES CAN BE CLEARED, FAVORABLE ACTION WILL PROBABLY BE FORTHCOMING. HILLENBRAND

CONFIDENTIAL

\*\*\* Current Handling Restrictions \*\*\* n/a

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